

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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November 21, 2008

Ascencion Marquez, President/Business Manager  
CLA Dairy Employees Local Union 17  
14397 Euclid Avenue  
Ontario, CA 91762-7477

LM File Number: 018-438  
Case Number: [REDACTED]

Dear Mr. Marquez:

This office has recently completed an audit of Christian Labor Union Local 17 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Ascencion Marquez, President and Bernard Vander Weide, Secretary on October 16, 2008, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local 17 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 17 did not include payments to officers and employees totaling at least \$300 in Item 24 (All Officers and Disbursements to Officers) and Item 46 (To Employees). It appears that the local erroneously reported these payments in Item 48 (Office & Administrative Expense).

The union must report in Column E of Item 24 direct disbursements to Local 17 officers and some indirect disbursements made on behalf of its officers. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instruction for Item 24 for a discussion of certain direct disbursements to officers that do not have to be

reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging or for transportation by a public carrier for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

The union must also report in Item 46 payments to Local 17 employees salaries, allowance, travel advances, and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc.)

2. Trusts or Funds

Local 17 did not identify the trusts in which the union participated in the administration during the reporting period. Local 17 administers the following trusts: Dairy Employees Union, Local 17, CLA Pension Trust (Plan [REDACTED], EIN [REDACTED]) and Dairy Employees Union, Local 17, CLA Employees Health & Welfare Trust (Plan # [REDACTED], EIN # [REDACTED]).

The union must report and provide the name, address, and purpose of each trust in Item 56 if during the reporting period the union created or participated in the administration of a trust or other fund or organization, which provides benefits for members or their beneficiaries.

Local 17 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provide you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than December 15, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

The audit disclosed the following other violations(s):

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total

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funds those individuals or their predecessors handled during the fiscal year. A bond may also not have a deductible since that is a form of self-insurance that fails to meet the bonding requirements of the LMRDA.

Local 17's officers and employees are currently bonded for \$100,000, but they have a \$1,000 deductible on the policy. Local 17 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than December 15, 2008.

I want to extend my personal appreciation to Christian Labor Union Local 17 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Alan Weiss  
District Director

cc: Mr. Bernard Vander Weide, Secretary/ Administrator